
SUBSTITUTE HOUSE BILL 1011

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Campbell, Conway, Benson, Mielke, Skinner, Pennington, DeBolt, Delvin, Ogden, Esser, Reardon, Linville, Pearson, Alexander, Barlean, Ericksen, Carrell, Morell, Dunn, Van Luven, O'Brien, Ahern and Talcott)

READ FIRST TIME 02/26/01.

1 AN ACT Relating to property tax exemptions for persons with
2 disabilities related to the performance of military duties;
3 amending RCW 84.36.379, 84.36.381, and 84.36.383; and creating a
4 new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.36.379 and 2000 c 103 s 25 are each amended to read
7 as follows:

8 The legislature finds that the property tax exemption
9 authorized by Article VII, section 10 of the state Constitution
10 should be made available on the basis of a retired person's
11 ability to pay property taxes(~~(. The legislature further finds))~~)
12 and that the best measure of a retired person's ability to pay
13 taxes is that person's disposable income as defined in RCW
14 84.36.383. The legislature further finds that veterans with one
15 hundred percent service-connected disabilities have given so much
16 to our country that they deserve property tax relief.

17

1 **Sec. 2.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
2 as follows:

3 A person shall be exempt from any legal obligation to pay all
4 or a portion of the amount of excess and regular real property
5 taxes due and payable in the year following the year in which a
6 claim is filed, and thereafter, in accordance with the following:

7 (1) The property taxes must have been imposed upon a residence
8 which was occupied by the person claiming the exemption as a
9 principal place of residence as of the time of filing: PROVIDED,
10 That any person who sells, transfers, or is displaced from his or
11 her residence may transfer his or her exemption status to a
12 replacement residence, but no claimant shall receive an exemption
13 on more than one residence in any year: PROVIDED FURTHER, That
14 confinement of the person to a hospital or nursing home shall not
15 disqualify the claim of exemption if:

16 (a) The residence is temporarily unoccupied;

17 (b) The residence is occupied by a spouse and/or a person
18 financially dependent on the claimant for support; or

19 (c) The residence is rented for the purpose of paying nursing
20 home or hospital costs;

21 (2) The person claiming the exemption must have owned, at the
22 time of filing, in fee, as a life estate, or by contract purchase,
23 the residence on which the property taxes have been imposed or if
24 the person claiming the exemption lives in a cooperative housing
25 association, corporation, or partnership, such person must own a
26 share therein representing the unit or portion of the structure in
27 which he or she resides. For purposes of this subsection, a
28 residence owned by a marital community or owned by cotenants shall
29 be deemed to be owned by each spouse or cotenant, and any lease
30 for life shall be deemed a life estate;

31 (3) The person claiming the exemption must be sixty-one years
32 of age or older on December 31st of the year in which the
33 exemption claim is filed, or must have been, at the time of
34 filing, retired from regular gainful employment by reason of
35 physical disability: PROVIDED, That any surviving spouse of a
36 person who was receiving an exemption at the time of the person's
37 death shall qualify if the surviving spouse is fifty-seven years

1 of age or older and otherwise meets the requirements of this
2 section;

3 (4) Except for veterans of the armed forces of the United
4 States with one hundred percent service-connected disabilities,
5 the amount that the person shall be exempt from an obligation to
6 pay shall be calculated on the basis of combined disposable
7 income, as defined in RCW 84.36.383. If the person claiming the
8 exemption was retired for two months or more of the assessment
9 year, the combined disposable income of such person shall be
10 calculated by multiplying the average monthly combined disposable
11 income of such person during the months such person was retired by
12 twelve. If the income of the person claiming exemption is reduced
13 for two or more months of the assessment year by reason of the
14 death of the person's spouse, or when other substantial changes
15 occur in disposable income that are likely to continue for an
16 indefinite period of time, the combined disposable income of such
17 person shall be calculated by multiplying the average monthly
18 combined disposable income of such person after such occurrences
19 by twelve. If it is necessary to estimate income to comply with
20 this subsection, the assessor may require confirming documentation
21 of such income prior to May 31 of the year following application;

22 (5)(a) A person who otherwise qualifies under this section and
23 has a combined disposable income of thirty thousand dollars or
24 less or who is a veteran of the armed forces of the United States
25 with a one hundred percent service-connected disability shall be
26 exempt from all excess property taxes; and

27 (b)(i) A person who otherwise qualifies under this section and
28 has a combined disposable income of twenty-four thousand dollars
29 or less but greater than eighteen thousand dollars shall be exempt
30 from all regular property taxes on the greater of forty thousand
31 dollars or thirty-five percent of the valuation of his or her
32 residence, but not to exceed sixty thousand dollars of the
33 valuation of his or her residence; or

34 (ii) A person who otherwise qualifies under this section and
35 has a combined disposable income of eighteen thousand dollars or
36 less or who is a veteran of the armed forces of the United States
37 with a one hundred percent service-connected disability shall be
38 exempt from all regular property taxes on the greater of fifty

1 thousand dollars or sixty percent of the valuation of his or her
2 residence; and

3 (6) For a person who otherwise qualifies under this section and
4 has a combined disposable income of thirty thousand dollars or
5 less or who is a veteran of the armed forces of the United States
6 with a one hundred percent service-connected disability, the
7 valuation of the residence shall be the assessed value of the
8 residence on the later of January 1, 1995, or January 1st of the
9 assessment year the person first qualifies under this section. If
10 the person subsequently fails to qualify under this section only
11 for one year because of high income, this same valuation shall be
12 used upon requalification. If the person fails to qualify for more
13 than one year in succession because of high income or fails to
14 qualify for any other reason, the valuation upon requalification
15 shall be the assessed value on January 1st of the assessment year
16 in which the person requalifies. If the person transfers the
17 exemption under this section to a different residence, the
18 valuation of the different residence shall be the assessed value
19 of the different residence on January 1st of the assessment year
20 in which the person transfers the exemption.

21 In no event may the valuation under this subsection be greater
22 than the true and fair value of the residence on January 1st of
23 the assessment year.

24 This subsection does not apply to subsequent improvements to
25 the property in the year in which the improvements are made.
26 Subsequent improvements to the property shall be added to the
27 value otherwise determined under this subsection at their true and
28 fair value in the year in which they are made.

29 **Sec. 3.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
30 as follows:

31 As used in RCW 84.36.381 through 84.36.389, except where the
32 context clearly indicates a different meaning:

33 (1) The term "residence" means a single family dwelling unit
34 whether such unit be separate or part of a multiunit dwelling,
35 including the land on which such dwelling stands not to exceed one
36 acre. The term shall also include a share ownership in a
37 cooperative housing association, corporation, or partnership if

1 the person claiming exemption can establish that his or her share
2 represents the specific unit or portion of such structure in which
3 he or she resides. The term shall also include a single family
4 dwelling situated upon lands the fee of which is vested in the
5 United States or any instrumentality thereof including an Indian
6 tribe or in the state of Washington, and notwithstanding the
7 provisions of RCW 84.04.080 and 84.04.090, such a residence shall
8 be deemed real property.

9 (2) The term "real property" shall also include a mobile home
10 which has substantially lost its identity as a mobile unit by
11 virtue of its being fixed in location upon land owned or leased by
12 the owner of the mobile home and placed on a foundation (posts or
13 blocks) with fixed pipe, connections with sewer, water, or other
14 utilities. A mobile home located on land leased by the owner of the
15 mobile home is subject, for tax billing, payment, and collection
16 purposes, only to the personal property provisions of chapter
17 84.56 RCW and RCW 84.60.040.

18 (3) "Department" means the state department of revenue.

19 (4) "Combined disposable income" means the disposable income of
20 the person claiming the exemption, plus the disposable income of
21 his or her spouse, and the disposable income of each cotenant
22 occupying the residence for the assessment year, less amounts paid
23 by the person claiming the exemption or his or her spouse during
24 the assessment year for:

25 (a) Drugs supplied by prescription of a medical practitioner
26 authorized by the laws of this state or another jurisdiction to
27 issue prescriptions; and

28 (b) The treatment or care of either person received in the home
29 or in a nursing home.

30 (5) "Disposable income" means adjusted gross income as defined
31 in the federal internal revenue code, as amended prior to January
32 1, 1989, or such subsequent date as the director may provide by
33 rule consistent with the purpose of this section, plus all of the
34 following items to the extent they are not included in or have
35 been deducted from adjusted gross income:

36 (a) Capital gains, other than gain excluded from income under
37 section 121 of the federal internal revenue code to the extent it
38 is reinvested in a new principal residence;

- 1 (b) Amounts deducted for loss;
2 (c) Amounts deducted for depreciation;
3 (d) Pension and annuity receipts;
4 (e) Military pay and benefits other than attendant-care and
5 medical-aid payments;
6 (f) Veterans benefits, other than attendant-care and medical-
7 aid payments and benefits for disabilities related to the
8 performance of military duties;
9 (g) Federal social security act and railroad retirement
10 benefits;
11 (h) Dividend receipts; and
12 (i) Interest received on state and municipal bonds.
13 (6) "Cotenant" means a person who resides with the person
14 claiming the exemption and who has an ownership interest in the
15 residence.

16 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
17 collection in 2002 and thereafter.

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